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Sixth Annual Report

National Dairy Products Corporation

NEW YORK, N. Y.

YEAR ENDING DECEMBER 31, 1928

BOARDS
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National Dairy Products Corporation

120 BROADWAY

NEW YORK

DIRECTORS

Henry W. Breyer
Frederick J. Bridges
Waddill Catchings
Alfred A. DuBan
D. C. Eldredge
Robert J. Flick
Joseph Gilfillan
B. S. Halsey
Ralph H. Horton
V. F. Hovey
J. M. Hoyt
A. P. Hunt
Jos. L. Jones
Harold M. Lehman
Wm. F. Luick
Thos. H. McInnerney
E. J. Mather
Charles F. Nettrour
Geo. F. Rand
Edward E. Rieck
Wilbur S. Scott
C. Henderson Supplee
Horace S. Tuthill
L. A. Van Bomel
Frank A. Wills
Henry N. Woolman

OFFICERS

President ..... Thos. H. McInnerney
Vice-President ..... Alfred A. DuBan
Vice-President ..... Wilbur S. Scott
Vice-President ..... C. Henderson Supplee
Vice-President ..... L. A. Van Bomel
Vice-President ..... Frank A. Wills
Secretary ..... Frederick J. Bridges
Treasurer ..... A. A. Stickler
Sales Manager ..... E. J. Mather
Assistant-Treasurer ..... Ford Hibbard
Assistant-Treasurer ..... G. N. Monkhouse

TRANSFER AGENT
Bankers Trust Company
New York, N. Y.

REGISTRAR
The Chase National Bank
New York, N. Y.

Counsel ..... Sullivan & Cromwell
Auditors ..... Price, Waterhouse & Co.

Executive Offices ..... *120 Broadway, New York, N. Y.*

National Dairy Products Corporation

New York, N. Y., March 27, 1929.

To the Stockholders:

The report of National Dairy Products Corporation for the year ending December 31, 1928, together with the consolidated income account and balance sheet of the company and subsidiaries as certified by Messrs. Price, Waterhouse & Co., is submitted herewith.

The sales for the year 1928 were $212,632,076.59 as compared with $145,330,059.87 for 1927. Of the increase of $67,302,016.72 the amount of $4,616,386.51 represents an increase in sales of companies owned in both years, and $62,685,630.21 represents the sales in 1928 of new companies acquired since January 1, 1928.

The combined net earnings for the year of our company and its subsidiaries, after deducting Federal income tax, interest and preferred dividends for a full year on all securities issued and held for issue at the close of the year and after charging $12,912,935.12 for depreciation and repairs, were $15,175,461.18. This is equivalent to $8.03 per share of common stock, as compared with a corresponding figure of $6.82 per share outstanding at December 31, 1927.

On October 4, 1928 the Board of Directors declared four quarterly stock dividends of 1% each payable in 1929, and on March 7, 1929, declared a stock dividend of 100% on our common stock payable on May 20 to stockholders of record April 25, 1929.

During the year General Ice Cream Corporation became a part of our group, thus opening up to us Buffalo, Rochester, Syracuse, Albany, Schenectady and Utica in New York State; New Haven, Hartford and Bridgeport in Connecticut; Boston, Springfield and Worcester in Massachusetts and Portland, Maine. We have entered Ohio through the acquisition of The Telling-Belle Vernon Company of Cleveland, The Akron Pure Milk Company of Akron, The Sanitary Milk Company of Canton and The Tri-State Butter Company of Cincinnati. In Michigan, we have acquired the Arctic Dairy Products Company operating in Detroit, Lansing, Grand Rapids and Kalamazoo. In St. Louis, Missouri, by acquiring the St. Louis Dairy Company we have established ourselves in the milk business, and have added to our ice cream business in that city.

We are also in the process of acquiring the Ebling Creamery Company and City Dairies, Inc. of Detroit, Michigan; Chestnut Farms Dairy, Inc. of Washington, D. C.; The Clover Dairy Company of Wilmington, Delaware; J. D. Roszell Company of Peoria, Illinois and Wisconsin Creameries, Inc. of Milwaukee, Wisconsin.

Research Laboratories are being established in Baltimore, Maryland, under the direction of Dr. E. V. McCollum of the School of Hygiene and Public Health, The Johns Hopkins University, for the conduct of scientific research to the end of rendering more efficient service to the public, as well as solving problems facing our industry.

Maintaining, as it does, separate units in many communities, working under varying conditions, our company has been afforded an opportunity to develop and apply to our operations sanitary and public health standards which will assist in maintaining a high uniformity in the quality of the company's products. A department has accordingly been created for this purpose and Dr. Louis I. Harris, formerly Commissioner of Health of the City of New York, has been chosen as its head.

The Board of Directors takes this opportunity of acknowledging the loyal and faithful services rendered by the officers and employees of the Corporation and its subsidiary companies.

By order of the Board of Directors,

Thomas H. McInnerney,
President.

National Dairy Pr

AND SUBSIDI

CONSOLIDATED BALANCE SHEET

(Giving effect as of that date to t
under firm contracts at December 3

Assets

Current and Working Assets:			
Cash in banks and on hand		$10,880,676.94	
Marketable securities at cost, below market		1,160,056.46	
Notes receivable	$ 1,881,521.99		
Accounts receivable	11,002,883.94		
	12,884,405.93		
Less: Reserve for doubtful notes and accounts	484,552.46	12,399,853.47	
Inventories at cost or market, whichever is lower		6,700,340.17	
Miscellaneous supplies and repair parts		2,342,242.04	
Receivable from employees		184,436.54	
Cash surrender value of life insurance		328,445.80	
			$33,996,051.42
Investments and Advances:			
Investments		950,239.47	
Advances		46,885.03	
			997,124.50
Sinking Funds			7,634.43
Capital Assets:			
Land, buildings, machinery and equipment on basis of cost or sound values as appraised with additions at cost		105,402,860.44	
Less: Reserve for depreciation		24,491,121.28	
			80,911,739.16
Deferred Charges:			
Prepaid taxes, insurance, interest, etc.		572,956.19	
Sundry expenses		510,306.15	
			1,083,262.34
Goodwill Purchased			12,027,783.06
			$129,023,594.91

We have examined the books and accounts for the year ending December 31, 1928 of National Dairy Products Corporation a
consolidated balance sheet as at December 31, 1928 and the relative statements of profit and loss and surplus have been correctly pr
December 31, 1928 and the results of the operations for the year, giving effect as of December 31, 1928 to the acquisition of t

56 Pine Street,
New York,
March 19, 1929.

oducts Corporation

ARY COMPANIES

DECEMBER 31, 1928

ıe acquisition of three companies held
, 1928 and acquired shortly thereafter)

Liabilities

Current Liabilities:		
Accounts payable including sundry accruals	$11,212,742.07	
Dividends payable and accrued	91,349.50	
Provision for Federal income tax	1,943,501.37	
		$13,247,592.94
Reserves for Contingencies		589,663.84
Funded and Mortgage Debt:		
National Dairy Products Corporation:		
5¼% gold debentures due 1948	45,732,000.00	
Subsidiary companies' real estate mortgages to be retired	$60,500.00	
Less: Cash held in escrow for payment thereof.	60,500.00	
Subsidiary companies (acquired since February 1928):		
First mortgage 6% bonds	93,500.00	
First mortgage 6½% bonds	2,927,640.00	
Real estate mortgages	85,000.00	
		48,838,140.00
Minority Stockholders' Interest in Capital and Surplus of Subsidiary Companies		279,538.71
Preferred Stock of Subsidiary Company, redeemed January 7, 1929		1,008,000.00
Capital and Initial Surplus:		
Preferred stock Class A 7% cumulative:		
Authorized and issued—69,244 shares of $100 each	6,924,400.00	
Preferred stock Class B 7% cumulative:		
Authorized and issued—50,000 shares of $100 each	5,000,000.00	
Common stock and initial surplus:		
Common stock:		
Authorized—2,000,000 shares without par value		
Issued* 1,889,749.72 shares at stated value	15,117,997.76	
Initial surplus	17,859,866.80	
		44,902,264.56
Earned Surplus, per statement attached		20,158,394.86
		$129,023,594.91

* In addition a dividend of 16,109.09 shares of common stock was paid on January 2, 1929 to stockholders of record December 5, 1928

ıd subsidiary companies and of the companies acquired since the beginning of that year and we certify that, in our opinion, the above epared from the books and fairly state the financial position of National Dairy Products Corporation and subsidiary companies as at hree companies held under firm contracts at that date and acquired shortly thereafter.

PRICE, WATERHOUSE & CO.

National Dairy Products Corporation

AND SUBSIDIARY COMPANIES

COMBINED STATEMENT OF PROFIT AND LOSS

For the Year Ending December 31, 1928

(Including the results of the operations for the entire year of companies acquired during the year and of three companies held under firm contracts at December 31, 1928 and acquired shortly thereafter.)

Net Sales (excluding inter-company sales)		$212,632,076.59
Deduct:		
Cost of sales, delivery, administrative, selling and general expenses	$180,682,941.57	
Repairs and maintenance	6,860,137.69	
Depreciation	6,052,797.43	193,595,876.69
		19,036,199.90
Other Income		1,562,780.59
		20,598,980.49
Deduct:		
Interest on funded debt of subsidiary companies	254,377.93	
Provision for Federal income tax	1,917,884.05	
		2,172,261.98
Combined profits before all dividends and interest on funded debt of National Dairy Products Corporation		$18,426,718.51

NOTE:

Combined profits before all dividends and interest on funded debt of National Dairy Products Corporation		$18,426,718.51
Deduct:		
Dividend requirements for full year on preferred stocks of subsidiary companies outstanding at December 31, 1928		70,056.00
		18,356,662.51
Interest requirement for full year on National Dairy Products Corporation 5¼% debentures	$2,400,930.00	
Less—Interest paid on funded debt of subsidiary companies and floating debt of National Dairy Products Corporation retired upon issuance of the 5¼% debentures	54,436.67	2,346,493.33
		16,010,169.18
Dividend requirements for full year on preferred stocks of National Dairy Products Corporation		834,708.00
Balance equivalent to more than $8.03 per share on 1,889,749 shares of common stock of National Dairy Products Corporation		$15,175,461.18

National Dairy Products Corporation

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND SURPLUS

For the Year Ending December 31, 1928

Combined profits for the year ending December 31, 1928 before all dividends and interest on funded debt of National Dairy Products Corporation as per statement of profit and loss	$18,426,718.51	
Less—Profits included above, of companies prior to date of acquisition	3,281,085.16	
		$15,145,633.35
Deduct:		
Dividends paid and accrued on stocks of subsidiary companies held by the public	142,831.12	
Interest on funded debt of National Dairy Products Corporation	1,812,600.35	
		1,955,431.47
Balance applicable to preferred and common stocks of National Dairy Products Corporation		13,190,201.88
Deduct—Dividends paid in cash on stocks of National Dairy Products Corporation:		
Preferred	834,708.00	
Common	4,605,456.32	
		5,440,164.32
Surplus for year ending December 31, 1928		7,750,037.56
Deduct:		
Premium on National Dairy Products Corporation 6% collateral trust notes redeemed and discount and expenses on 5¼% gold debentures issued		2,171,655.71
		5,578,381.85
Add—Earned surplus at December 31, 1927		14,580,013.01
Earned surplus at December 31, 1928, per balance sheet		$20,158,394.86

National Dairy Products Corporation

Illinois

Chapell Ice Cream Company, Inc.	Chicago
Consolidated Products Company	Chicago
Hydrox Corporation	Chicago
Thompson Ice Cream Company	Chicago
Allen Ice Cream Company	Rockford

Iowa

Collis Products Company	Clinton

Michigan

Arctic Dairy Products Company	Detroit
Hill Ice Cream Company	Benton Harbor
Norwood & Trump Co.	Flint
Piper Ice Cream Company	Kalamazoo
C. A. Connor Ice Cream Company	Owosso
Rockford Ice Cream Company	Rockford

Missouri

The Franklin Ice Cream Corporation	Kansas City
Hydrox Ice Cream Company	St. Louis
St. Louis Dairy Company	St. Louis

Nebraska

Harding Cream Company	Omaha

New Jersey

Keystone Dairy Company	Hoboken
Castles Ice Cream Company	Newark
Consumers Dairy Company	Union City

New York

Jamestown Ice Cream Company	Jamestown
Breakstone Brothers, Inc.	New York
Breyer Ice Cream Company, Inc.	New York
Alex. Grossmann & Co., Inc.	New York
Hydrox Ice Cream Company, Inc.	New York
Sheffield By-Products Company	New York
Sheffield Condensed Milk Company, Inc.	New York
Sheffield Farms Company, Inc.	New York

New York and New England

General Ice Cream Corporation	Schenectady, New York
Albany Ice Cream Co., Inc.	Albany, N. Y.
Amsterdam Ice Cream Co., Inc.	Amsterdam, N. Y.
Binghamton Ice Cream Co., Inc.	Binghamton, N. Y.
Hoefler Ice Cream Co., Inc.	Buffalo, N. Y.
Wheats Ice Cream Co., Inc.	Buffalo, N. Y.
Clayton Ice Cream Co., Inc.	Clayton, N. Y.
Elmira Ice Cream Co., Inc.	Elmira, N. Y.
Geneva Ice Cream Co., Inc.	Geneva, N. Y.
Peerless Ice Cream Co., Inc.	Niagara Falls, N. Y.

National Dairy Products Corporation

Oneonta Ice Cream Co., Inc.	Oneonta, N. Y.
Rochester Ice Cream Co., Inc.	Rochester, N. Y.
Syracuse Ice Cream Co., Inc.	Syracuse, N. Y.
Utica Ice Cream Co., Inc.	Utica, N. Y.
Kirk-Maher Ice Cream Co., Inc.	Watertown, N. Y.
Coon Ice Cream Company	Lewiston, Maine
	Haverhill, Mass.
	Manchester, N. H.
	Burlington, Vt.
	Rutland, Vt.
	White River Junction, Vt.
Dolbey Ice Cream Company	Providence, R. I.
Franklin Creameries Corporation	Springfield, Mass.
Kent Ice Cream Company	Burlington, Vt.
Made-Rite Ice Cream Co.	New Bedford, Mass.
Mansion House Ice Cream Co.	Boston, Mass.
New Haven Dairy Co.	Bridgeport, Conn.
	Hartford, Conn.
	New Haven, Conn.
	New London, Conn.
	Waterbury, Conn.
Semon Ice Cream Co.	New Haven, Conn.
Tait Brothers, Inc.	Springfield, Mass.
	Worcester, Mass.
What-Cheer Ice Cream Co.	Pawtucket, R. I.

Ohio

The Akron Pure Milk Company	Akron
The Sanitary Milk Company	Canton
The Merchants Ice & Cold Storage Company	Cincinnati
The Tri-State Butter Company	Cincinnati
The Telling-Belle Vernon Company	Cleveland

Pennsylvania

The W. E. Hoffman Company	Altoona
Laher Ice Cream Company	Bedford
Erie County Milk Association	Erie
Moore Brothers Company	Oil City
Breyer Ice Cream Company	Philadelphia
Supplee-Wills-Jones Milk Company	Philadelphia
Pittsburgh Ice Cream Company	Pittsburgh
Rieck-McJunkin Dairy Company	Pittsburgh

Tennessee

Clover Farm Dairy Company	Memphis
Lily Ice Cream Company	Memphis
Nashville Pure Milk Company	Nashville
Union Ice Cream Company	Nashville

West Virginia

Rieck Ice Cream Company	Wheeling

Wisconsin

Luick Dairy Company	Milwaukee
Luick Ice Cream Company	Milwaukee